PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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RE-INTRODUCTION OF GROWTH AREAS TAX LEGISLATION OVERSHADOWS VICTORIAN BUDGET'S MODEST TAX RELIEF

The reduction in the rate of payroll tax and the extension of the land tax exemption for retirement villages and aged care facilities measures handed down by Victorian Treasurer John Lenders are welcome, however, they are relatively modest and somewhat overshadowed by a another key Brumby Government announcement today in the form of the re-introduction into Parliament of the legislation to implement the tax on land in Melbourne's growth areas, said Pitcher Partners Partner Craig Whatman.

"At the same time the State Government is decreasing payroll tax and extending the land tax exemption for retirement villages and aged care facilities in today's Victorian Budget, it is re-introducing the Growth Areas Infrastructure Contribution bill that will tax sales and subdivisions of land in Melbourne's growth areas," Mr Whatman said.

In relation to payroll tax, he said the threshold at which payroll tax becomes payable has remained static in Victoria since 2002 and small businesses are bearing the cost.

"We are now the State with the lowest threshold in the country, so the decrease in the payroll tax rate from 4.95% to 4.90% from 1 July is modest. The threshold should have been raised in conjunction with lowering the rate to help small businesses in Victoria."

In relation to the Henry Review, Mr Whatman said there has been no response in the Victorian Budget to the recommendation in the Henry Review Report that stamp duty on land transfers should be abolished and replaced with a broader based land tax, but said "that's not surprising given that the Henry Review was issued a few days ago".END

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